

CHAPTER NO. 815

HOUSE BILL NO. 2672

By Representative Ulysses Jones

Substituted for: Senate Bill No. 2282

By Senator Dixon

AN ACT to amend Tennessee Code Annotated, Title 7, Chapters 53 through 67, Title 13, Chapters 20 through 23, and Title 67, Chapter 5, relative to taxation of certain property.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1.

(a) The Tennessee Advisory Commission on Intergovernmental Relations ("TACIR") is directed to perform a study of the overall effect on local public education when property taxes or in lieu of tax payments earmarked for education are abated or reduced and whether the effect on local public education is offset by enhanced economic development. This study shall be conducted from TACIR's existing resources.

(b) All appropriate state departments and agencies shall provide assistance to TACIR.

(c) TACIR shall report its findings and recommendations, including any proposed legislation or interim reports upon conclusion of its study.

SECTION 2. Tennessee Code Annotated, Section 13-20-104, is amended by adding the following new, appropriately designated subsection:

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(1) "Low-income housing tax credit (LIHTC) property" means low-income housing property restricted under government regulations pursuant to Section 42 of the Internal Revenue Code of 1986 as amended (the Low-Income Housing Tax Credit program).

(2) Except in any county having a metropolitan form of government with a population in excess of five hundred thousand (500,000) according to the 2000 federal census or any subsequent federal census, upon the affirmative vote of a majority of the members of its governing body, the city or county for which a housing authority is created may delegate to such housing authority the authority to negotiate and accept payments in lieu of ad valorem taxes from the housing authority's lessees operating LIHTC property; provided, that such authorization shall be granted only upon a finding that such payments are deemed to be in furtherance of the housing authority's public purposes. The housing authority shall submit each such agreement to the city or county legislative body of all affected taxing jurisdictions for approval.

(3) Before October 1 of each year, a housing authority to which authority to negotiate payments in lieu of taxes has been delegated by a city or county shall submit to the state board of equalization an annual report containing a list of all the real and personal property owned by the housing authority and its associated entities and subsidiaries with respect to which payments in lieu of ad valorem taxes have been negotiated and accepted; the value of each listed property, as estimated by the lessee of the property; the date and term of the lease for each listed property; the amount of payments made in lieu of property taxes for each listed property; the date each listed property is scheduled to return to the regular tax rolls; and a calculation of the taxes which would have been due for each listed property if the properties were privately owned or otherwise subject to taxation. Each lessee of the housing authority shall be responsible for the timely completion and filing of the report, and failure to timely complete and file the report shall subject such lessees to a penalty equivalent to that applicable to similar lessees of industrial development corporations; provided, that no lessee shall be liable who has provided the state board of equalization information required by this section as may be pertinent to property leased by the lessee from the housing authority.

SECTION 3. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to that end the provisions of this act are declared to be severable.

SECTION 4. This act shall take effect upon becoming law, the public welfare requiring it.

PASSED: May 29, 2002


JIMMY NAIFEH, SPEAKER
HOUSE OF REPRESENTATIVES


JOHN S. WILDER
SPEAKER OF THE SENATE

APPROVED this day of 2002

DON SUNDQUIST, GOVERNOR

Pursuant to Article III, Section 18, of the Constitution of the State of Tennessee, the Governor had House Bill No. 2672 in his possession longer than ten (10) days, so therefore the bill becomes law without the Governor's signature.